

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

| | | |
|--------------------|---|----------------------|
| In the Matter of |) | |
| |) | CC Docket No. 99-200 |
| Numbering Resource |) | |
| Optimization |) | |

Comments of Beacon Telecommunications Advisors, LLC

Beacon Telecommunications Advisors, LLC (Beacon) submits these comments in response to the Commission's Third Order on Reconsideration in the above-captioned proceeding and Third Further Notice of Proposed Rulemaking in CC Docket 99-200 contained in FCC 02-73.

Beacon is a regulatory, financial, and management consulting firm providing services to independent and tribal rural local exchange carriers (LECs) throughout the United States. Beacon's clients are directly impacted by decisions related to the issues presented in this proceeding.

Summary of Opinion

In general, Beacon believes Local Number Portability (LNP) and thousands-block number pooling should not be required for small and rural LECs positioned within the top 100 Metropolitan Statistical Areas (MSA's) in the country. The reasons, as explained and summarized below, include having limited numbering resources, as well as financial hardships that could fall upon these companies should they be required to be LNP-capable without an option to recover the cost to do so.

Local Number Portability

In certain instances nationwide, small and rural LECs meet the criteria of being in the top 100 MSA's but do not qualify for passing through costs, which are necessary to make their switches LNP-capable, to their customers because 1) they have not yet received a request to provide LNP, 2) their switches are not yet LNP capable, and 3) the FCC's cost-causation policy disallows this measure.¹ Beacon urges the Commission to reconsider allowing recovery of these costs for small and rural LECs at the time when necessary costs of implementing LNP are realized and incurred. Because of the nature of rate of return regulation and the resultant limited financial resources, legislation such as this creates financial hardships on these types of companies.

Thousands Block Number Pooling

In a previous release, the FCC states, "Evidence from the record suggests that the per line cost to establish pooling capability would be significantly higher for small and rural carriers operating outside of the largest 100 MSA's....Weighed against the limited number optimization benefits of requiring these carriers' participation in pooling, these costs appear to be unreasonably high."² Beacon notes that since small and rural LECs within the 100 largest MSA's are regulated under the same set of FCC rules as those small and rural LECs outside of the 100 largest MSA's, the Commission should reconsider its position in requiring what LECs should participate in thousands-block number pooling. In comparing the likeness of rate of return companies nationwide, and therefore concluding that these carriers should be given similar treatment, Beacon believes small and rural carriers should not be required to participate in pooling: "Because these carriers hold relatively small amounts of numbering resources, there would be little benefit, at least from a nationwide perspective, to requiring them to participate in pooling".³

¹ FCC 02-16, CC Docket No. 95-116, paras. 2,7

² FCC 01-362, para. 20

³ FCC 01-362, para. 19

In addition, in this proceeding, the “Commission has focused on LNP and pooling efforts in the largest MSA’s because those are the areas most likely to have competitive markets that would benefit from these measures. Conversely, we have not required carriers to provide LNP or to participate in pooling in less populous areas because the full benefits of these measures would not likely be realized in areas without sufficient competition. We believe this policy remains intact.....”⁴ Given the example above relating to those carriers within the largest MSA’s being comparable to those carriers outside the largest MSA’s, it coincides that small and rural LECs, which are generally defined as less populous areas, should be exempt of the requirement of pooling. Accordingly, since competition in these areas is virtually nonexistent, subject to Section 251(f)(1)(a) of the Act, Beacon believes thousands-block number pooling should not be a requirement for small and rural LECs.

Conclusion

Beacon urges the Commission to consider the fairness, comparability of small and rural LECs both within and outside of the largest MSA’s, and associated recommendations contained in these comments.

Respectfully submitted,

Beacon Telecommunications Advisors, LLC

[Filed Electronically]

Doug Kitch
Beacon Telecommunications Advisors
2110 Vickers Drive, Suite 2106
Colorado Springs, CO 80918

May 2, 2002

⁴ FCC 02-73, para. 10